

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on policies and practices for advanced metering, demand response, and dynamic pricing.

Rulemaking 02-06-001

**ADMINISTRATIVE LAW JUDGE’S RULING RESOLVING IMPLEMENTATION  
DISPUTE REGARDING SHADOW BILLS (CORRECTED)**

This ruling<sup>1</sup> addresses a dispute that has arisen during implementation of the Statewide Pricing Pilot (SPP) about the obligation of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (Utilities) to issue a shadow bill to participating customers. The Utilities claim that they are in compliance with what they believe to be the Commission’s requirement that they issue a one-time shadow bill<sup>2</sup> (see Attachment F to 4/14/03 Utility Compliance Filing). Agency staff facilitating the implementation process disagree, citing other portions of D.03-03-036 that arguably envision that participating customers will receive shadow bills periodically throughout the SPP.<sup>3</sup> Facing impasse on this issue, Agency staff

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<sup>1</sup> “In order to facilitate the launch of the SPP pilot, we delegate to the Assigned ALJ, in consultation with the WG3 facilitator and staff supporting WG1, the task of authorizing, via ruling, any required modifications or refinements to the pilot program.” Decision (D.) 03-03-036, Section V.

<sup>2</sup> D.03-03-036, Section IV.A.7.

<sup>3</sup> D.03-03-036, Finding of Fact 24; Attachments C and D, section 1.6.1.

requested that the Assigned Commissioner and Administrative Law Judge (ALJ) intercede and determine the timing and frequency of the shadow bill requirement.<sup>4</sup> In response to the Agency staff's May 7<sup>th</sup> Memorandum, the ALJ solicited, and three parties submitted, written responses.<sup>5</sup>

The responses uniformly note that the SPP's primary purpose is to measure customer response to dynamic pricing, i.e., customer price elasticity. CCEA believes participating customers should be focused on knowing their peak period times, relative prices by time period, and the relative effect of different appliances, as these three factors determine their bill on dynamic prices. Their old rate (as shown on a monthly shadow bill) has no effect on their bill. Instead, the customer should be focused on making decisions that do have a current impact on their ultimate bill.

The Commission's goal is to provide participants with the information they need to make informed choices, but as CCEA points out, the shadow bill may not further that goal within the context of the pilot, which emphasizes price elasticities and maintaining high customer satisfaction.

Both ORA and Utilities suggest that, in addition to providing a prospective 12-month shadow bill at the beginning of the pilot (as proposed in the April 14<sup>th</sup> compliance filing), it may be desirable to provide a historical shadow bill after

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<sup>4</sup> May 7, 2003 Memorandum from the Working Group 3 (WG3) Moderator to the Assigned Commissioner and Assigned ALJ. This memorandum was served on all parties electronically. A hard copy of the memorandum will be placed in the formal correspondence file for Rulemaking (R.) 02-06-001.

<sup>5</sup> The ALJ's May 8, 2003 email ruling and the May 15, 2003 email memoranda responses of Utilities, the California Consumer Empowerment Alliance (CCEA), and the Office of Ratepayer Advocates (ORA) were served on all parties electronically. Hard copies of the ruling and the three memoranda responses will be placed in the formal correspondence file for R.02-06-001.

usage data has been collected for one year. This ruling adopts this outcome, but also requires Utilities to inform individual SPP participants that they may obtain more frequent bill information by calling the utility help-line at any time during the course of the pilot to obtain default bill comparisons. This information is available to any utility customer today, including those who participate in the SPP.<sup>6</sup>

This ruling does not address Utilities' requested changes to the implementation process detailed in D.03-03-036. That decision properly recognizes the legitimate compliance role of Agency staff at the implementation stage, and also provides that the WG3 facilitator may bring questions involving necessary SPP modifications or refinements to the assigned ALJ for resolution, as he did in this case.

Therefore, in consultation with the Assigned Commissioner,

**IT IS RULED** that:

1. At the outset of the Statewide Pricing Pilot (SPP), Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (Utilities) shall provide to each non-control SPP participant a one-time prospective shadow bill. This shadow bill shall be based on the billing data collected for the customer during the first few days or week after installation of the new interval meters for participants. This load shape data shall be used to provide an estimate of the likely summer and winter average monthly bills for each customer on the old rate and the new rate, holding the energy usage constant for the purposes of making the shadow bill comparison.

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<sup>6</sup> *Ibid.*, pp. 1-2; see also fn. 1.

2. After collecting actual usage data from SPP participants for one year, Utilities shall provide to each non-control SPP participant a cumulative 12-month shadow bill, specific to that customer, comparing monthly bills on the new and old rate for each month and summing the difference between the two rates to let the customer know if they had lower or higher bills over the entire year as a result of participating in the SPP.

3. Utilities shall inform individual SPP participants that they may obtain more frequent bill information by calling the utility help-line (whose number shall be specifically identified) at any time during the course of the pilot program to request shadow bill comparisons for any particular period of interest.

Dated May 27, 2003, at San Francisco, California.

/s/ LYNN T. CAREW  
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Lynn T. Carew  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Resolving Implementation Dispute Regarding Shadow Bills (Corrected) on all parties of record in this proceeding or their attorneys of record.

Dated May 27, 2003, at San Francisco, California.

/s/ KE HUANG

Ke Huang

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.